



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR DIRECTOR, ADVISORY, INSOLVENCY AND QUALITY
DIRECTORS, COLLECTION AREA OPERATIONS

FROM: Frederick W. Schindler /s/ **Frederick W. Schindler**
Director, Collection Policy

SUBJECT: Advisory Internal Revenue Manual Changes

The purpose of this memorandum is to issue interim guidance for inclusion in future revisions to a variety of Internal Revenue Manual (IRM) chapters that address Advisory, Property Appraisal and Liquidation Specialist (PALS), and Independent Reviewer (IAR) work processes. The changes to the IRM are grouped into overall categories of timely initial case actions, timely follow-up and closing actions, problem solving and taxpayer rights, and communication and documentation. These changes are intended to address issues identified from Commissioner's messages, operational reviews, current and prior Collection Program Letter direction, and AIQ stakeholder input. All changes will be included in the respective IRM chapters within one (1) year from the date of the memorandum.

These IRM changes have already been negotiated with NTEU and are subject to the provisions contained in Memorandum of Understanding (MOU) – IRM Changes to Advisory Casework and Processes, dated December 22, 2009 and amended on January 6, 2010. This MOU provides specific information concerning formal 7114 meetings, performance evaluation considerations, documentation of receipt dates, timeframes and other provisions. AIQ managers must be thoroughly familiar with the provisions and direction contained in the MOU before holding the necessary 7114 meetings to discuss the MOU and the IRM changes with their employee.

Initial Case Actions (13)

1. IRM 5.1.4.2.5 – Advisory will open the appropriate NFOI in ICS no later than 7 calendar days receipt in the group of the triggering action described below.
2. IRM 5.1.14.1.2 – Advisory will open an NFOI on ICS no later than 7 calendar days and complete the review of the review officer's recommendations no later than 14 calendar days of receipt in the group.
3. IRM 5.1.14.2.5 – Establish an NFOI on ICS, using Action Code 175, Transferee Assessment, no later than 7 calendar days of group receipt of the recommendation of abatement, to monitor the account.
4. IRM 5.6.1.6 – Open and NFOI on ICS no later than 7 calendar days after receipt in the group of the collateral agreement using Action Code 184;
5. IRM 5.7.7.6.1 – Open an NFOI on ICS to control the claim no later than 7 calendar days of receipt in the group.
6. IRM 5.8.12.4 – No later than 7 calendar days after receipt in the group of the file by the IAR, and NFOI will be opened on ICS. AOIC should also be updated to reflect the individual independent reviewer's assignment number.
7. IRM 5.10.3.17 – Upon request for seizure serial number or upon receipt in the group of the opening seizure documents, Advisory will open an NFOI on ICS within 7 calendar days. The opening date will be the date of the seizure. Form 13361 should be initiated when the opening documents are received.
8. IRM 5.12.3.10.2 – Open an NFOI on ICS under 101 – Claim Other no later than 7 calendar days after receipt in the group of the claim.
9. IRM 5.12.3.14.1 – Use ICS to control and monitor the case. Open an NFOI on ICS for lien certificate cases within 7 calendar days of receipt in the group. The date that the application was received should be documented when the case is opened on ICS.
10. IRM 5.12.4.2.2(3) – In all other cases, Advisory will:
 - a. Open a NF OI – 146 – Judicial Foreclosure on ICS no later than 7 calendar days after receipt,
 - b. Document the receipt date of the notice of judicial foreclosure,
 - c. Establish a file, and
 - d. Furnish any information requested by the U.S. Attorney that may be obtained without a formal investigation

The U.S. Attorney will take the legal action deemed appropriate.

11. IRM 5.12.4.4.3(1) – Once it has been determined that an investigation will be worked, the employee will:
 - a. Open a NF OI -147 – Non-Judicial Foreclosure on ICS no less than 7 calendar days prior to the date of sale,
 - b. Include the receipt date of the IRC 7425 notice, and
 - c. Review notice for adequacy
12. IRM 5.12.5.1.3(2) – Once it is determined that a redemption investigation is warranted, the employee will be responsible for opening a NF OI – 144 – Redemption on ICS within 7 calendar days and documenting information of the investigation and redemption in the history section of ICS including: foreclosure sale

- date, foreclosure sale purchaser, last date to redeem, amount needed to redeem, guaranteed bidder or reason and approval authority obtained to redeem without a
13. guaranteed bidder, date of redemption, amount the property was deemed for, who the property was redeemed from and any reasons for a change if not redeemed from the foreclosure sale purchaser, amount of tax liability satisfied, and the date and place the certificate was recorded.
 14. IRM 5.14.9.3 – The Independent Reviewer will open an NFOI on ICS no later than 7 calendar days after receipt in the group.

Follow-Up/Closing Case Actions (22)

1. IRM 5.1.4.2.6 – Final District Court orders to abate all or a part of the tax should be relayed by SB/SE Area Counsel to Advisory, who will return any files to the initiating office no later than 14 calendar days of receipt in the group of the orders, for immediate processing of the abatement.
2. IRM 5.7.7.6.1.1 – If the information in the file is not sufficient to support assertion and/or if any procedural defects are identified, the Advisory employee will determine the need for field group assistance and, if necessary, issue the OI no later than 14 calendar days of completion of the initial review to secure additional documentation.
3. IRM 5.7.7.6.1.1 – If the specified deadline is missed the Advisory employee will initiate follow-up action no later than 10 calendar days of the missed deadline date.
4. IRM 5.7.7.6.3 – Advisory will take actions a, b, and c below, no later than 14 calendar days of the Advisory determination that the claim is allowed:
5. IRM 5.7.7.6.4 – Advisory will take actions a, b, and c below, no later than 14 calendar days of the Advisory determination that the claim is denied...
6. IRM 5.7.7.6.5 – Advisory will take actions a and b below, no later than 14 calendar days of the Advisory determination that the claim is denied...
7. IRM 5.7.7.7 – Abatement requests will be submitted no later than 14 calendar days of notification that abatement is appropriate.
8. IRM 5.8.12.4 – The Independent Reviewer will complete the review and reach a determination no later than 30 calendar days from opening the ICs OI.
9. IRM 5.10.3.17 – When a PALS/RO misses a specific deadline, follow-up action should be initiated no later than 10 calendar days after the missed deadline.
10. IRM 5.10.4.1 – Consideration for the need to order a commercial title report should be made by the PALS and demonstrated by the report being ordered no later than 14 calendar days of assignment or being part of a documented plan of action in the ICS history.
11. IRM 5.10.6.10 – Submit Record 21 (and any attachments to describe the personal property) with Form 2436 and Form 2434-B, through the group manager, to Advisory with the other closing documents (IRM 5.10.6.5(7)), Form 2436, Seized Property Sale Report) no later than 14 calendar days after receipt in the group of the full purchase price and all vendor expenses.
12. IRM 5.12.3.10.2 – Advisory will take the appropriate closing or other follow-up actions no later than 10 calendar days of completion of the initial review.
13. IRM 5.12.3.13 – When the outstanding liability is not assigned to another IRS work unit and it is determined that collection will be facilitated by the subornation, the

Advisory employee should secure the taxpayer's proposal to pay the balance of the tax liability (or evidence of such a proposal to another function) and make a determination on the proposal's collection impact along with the recommendation for acceptance/denial of the request.

14. IRM 5.12.3.14.2 – The advisor will complete a thorough analysis to determine if there is a need for additional information. If additional information is needed, the advisor will contact the applicant no later than 21 calendar days from the receipt in the group of the initial package.
15. IRM 5.12.3.14.1(6) and IRM 5.12.3.14.5(3) – In the case of an application relating to a foreclosure proceeding, a complete investigation, including initial review and any necessary contact, shall result in a recommendation for acceptance/denial within 14 calendar days after receipt in the group of the application and, in all other cases, within 30 calendar days unless the redemption period is about to expire where more expeditious action may be necessary. Document any cause of delay in the ICS history.
16. IRM 5.12.3.14.2 – If the taxpayer/applicant misses any established deadline, including submitting required documentation and/or payment, the employee will take follow-up action within 10 calendar days of the deadline, including closing the case if appropriate. The ICS Advisory case file should reflect all actions taken and deadlines established. If documentation and/or payment are received after the ICS NOFI has been closed, create a new ICS NFOI to complete the investigation and make an appropriate recommendation.
17. IRM 5.12.3.14.5 – When sufficient information is available, the advisor has 10 calendar days to make the recommendation to accept or deny the application for lien certificate.
18. IRM 5.12.3.30 – When the outstanding liability is not assigned to another IRS work unit and it is determined that withdrawal of the NFTL will facilitate collection, the Advisory employee should secure the taxpayer's proposal to pay the balance of the tax liability (or evidence of such a proposal to another function) and make a determination on the proposal's collection impact along with the recommendation for acceptance/denial of the request.
19. IRM 5.12.4.1.1(3) – During the course of a judicial or non-judicial investigation when the applicant, taxpayer, representative, or IRS employee misses a specific deadline, follow-up is based on meeting the Service's requirements to maintain its standing in the proceeding and should be initiated no later than 14 calendar days after the missed deadline. This follow-up includes closing the case if this action is appropriate.
20. IRM 5.12.4.2.2(6) – Each area is responsible for establishing the time frame and methodology for following up. However, during the course of an investigation, when the applicant, taxpayer, representative, or IRS employee misses a specific deadline, follow-up is based on meeting the Service's requirements to maintain its standing in the proceeding and should be initiated no later than 14 calendar days after the missed deadline. This follow-up includes closing the case if this action is appropriate. Established procedures should strive to provide a minimum of 90 days remaining available to conduct a redemption investigation.

21. IRM 5.12.4.7(8) – Each are is responsible for establishing the time frame and methodology for following up. However, during the course of an investigation, when the applicant, taxpayer, representative, or IRS employee misses a specific deadline, follow-up is based on meeting the Service's requirements to maintain its standing in the proceeding and should be initiated no later than 14 calendar days after the missed deadline. This follow-up includes closing the case if this action is appropriate. Established procedures should strive to provide a minimum of 90 days remaining available to conduct a redemption investigation.
22. IRM 5.12.5.1.3(9) – During the course of a redemption investigation, when the foreclosure sale purchaser, guaranteed bidder, redemption sale purchaser, other participant, taxpayer, representative, or IRS employee misses a specific deadline, including submitting required documentation and/or payment, follow-up is based on meeting the Service's requirements to maintain its standing in the proceeding and should be initiated no later than 14 calendar days after the missed deadline. This follow-up includes closing the case if this action is appropriate.

Problem Solving/Taxpayer Right's (7)

1. IRM 5.7.7.6.1 – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the applicant's perspective when analyzing the claim.
2. IRM 5.8.12.3 – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution.
3. IRM 5.7.7.6.1 – Deadlines established for the claimant, that the claimant was advised of consequences and that follow-up deadlines were established.
4. IRM 5.12.3.14.2 – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution. Clearly communicate the determination reached to the taxpayer/applicant.
5. IRM 5.12.3.22 – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution.
6. IRM 5.12.4.1.1(4) – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution.
7. IRM 5.12.5.1.3(10) – When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution.

Communication and Documentation (7)

1. IRM 5.8.12.4 – When communicating the results of the review, the employee will provide a response that is accurate and communicated in a clear, concise, professional, easy to understand manner.

2. IRM 5.10.3.17 – Document 12474, Seizure File Folder Tabs, will be used by Advisory employees when assembling seizure file folders. The employee should assemble the case file in a neat fashion and it should contain all required documents.
3. IRM 5.10.4.1 – The PALS will develop a written sale plan no later than 14 calendar days prior to the sale using the standardized format for all cases.
4. IRM 5.12.3.22 – When communicating the determination, the employee will provide the customer with technical guidance that is accurate and communicated in a clear, concise, professional, easy to understand manner. Any explanation or guidance should address all relevant issue(s) clearly in language understandable to someone unfamiliar with service terms, acronyms and jargon.
5. IRM 5.12.4.1.1(5) – Any written notification or other communication should address the issue(s) clearly and in a language understandable to someone unfamiliar with Service terms, acronyms, and jargon.
6. IRM 5.12.5.1.3(11) – Any written notification or other communication should address the issue(s) clearly and in a language understandable to someone unfamiliar with Service terms, acronyms and jargon.
7. IRM 5.14.9.3 – When communicating the determination, the employee will provide a response that is accurate and communicated in a clear, concise, professional, easy to understand manner.

If you have any questions concerning this memorandum, please contact Marc Aronin Program Manager, Technical (Advisory), or a member of your staff may contact Don Hallenbeck, Senior Program Analyst, Technical (Advisory). AIQ employee or managers that have questions should direct them to their appropriate management official.

cc: www.irs.gov